NTPC Negotiation with World Bank for Loan

811. DR. SANJAYA SINH:
SHRI KRISHNA KUMAR BIRLA :
SHRI RAM JATHMALANI:
SHRI RAWIT SINGH:

Will the Minister of POWER AND NON-CQNVENTIONAL ENERGY SOURCES be pleased to state:

(a) whether it is a fact that the National Thermal Power Corporation is negotiating to acquire $ 1 billion dollar loan from the World Bank;

(b) if so, the purpose for which such a huge loan is required;

(c) whether Government have any new plans for the investment of loans in the NTPC; and

(d> if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF POWER AND NON-CON VENTIONAL ENERGY SOURCES {SHRI KALP NATH RAI): (a) to (d) Discussions are being held with the World Bank for a loan of over U. S. $ 1 billion for a shelf of new projects of the National Thermal Power Corporation.

Relief *to* Investors in Power Generation

812. DR. YELAMANCHILI SIVAJI: Will the Minister of POWER AND . NON-CONVENTIONAL ENERGY SOURCES be pleased to state :

(a) whether it is a fact that several reliefs are offered to investors to enter into power generation; and

(b) if so, what are the details thereof and with what effect ?

THE MINISTER OF STATE OF THE MINISTRY OF POWER AND NON-CONVENTIONAL ENERGY SOURCES (SHRI KALP NATH RAI): (a) Yes, Sir,

(b) The following major incentives have been offered to encourage private sector participation in electricity generation, supply and distribution:

For both Licensee and Generating Companies, the following is permitted:

— All private companies entering the Electricity Sector hereafter will be allowed a debt-equity ratio of 4:1.

— They can raise upto the minimum of 20 per cent of the total outlay though public issues.

— Promoter's contribution should be at least 11% of the total outlay.

— Not more than 40% of the total outlay can come from Indian Public Financial Institutions.

— To ensure that private entrepreneurs bring in additionality of resources to the sector; they must find 60 per cent of the resources from sources other than public financial institutions.

; — Upto Hundred per cent (100%) foreign equity participation can be permitted for projects set up by foreign private investors.

— The condition of dividend balancing by export earnings which is normally being applied to cases of foreign investment upto 51% equity will not be applicable to such foreign investments in the power sector.

— The rates for depreciation in respect of assets have been liberalised.

— With the approval of the Government, import of equipment for power projects will also be permitted in cases where foreign supplier(s) agency(ies) extend concessonal credit.

The Indian "Electricity Act, ' 1910 and the Electricity (supply) Act, 1948 have been amended to ..bring about . this new legal arid financial environment for private enterprises in the Electricity sector. How-

ever, schemes where the total outlay does not exceed Rs. 25 crores need not be submitted to the Central Electrillty Authority for concurrence;

Generating Companies can be set up by private entrepreneurs. For safeguarding return on investment against possible under-demand of power arising from variations in demand, generating companies can now sell power on the basis of a suitably structured two part tariff. The operational norms and optimal PLF (Plant Load Factor) have been prescribed by the Government.

The specific incentives for Licencees are :

(a) Licences of a longer duration of 30 years in the first instance and subsequent renewals of 20 years instead of 20 and 10 years respectively as it was before.

(b) Higher rate of return of *5%* in place of the previous *2%* above the RBI rate.

(c) Capitalisition of Interest During Construction (IDC) at actual cost (for expansion projects also) as against *1%* over RBI rate as it was before.

(d) Special appropriations to meet debt redemption obligations.

A High Powered Board has been constituted under the chairmanship of Cabinet Secretary to monitor and provide for faster clearance of private sector power projects.

Proposals have been received from private investors in India and abroad (including NRIs) for a generatng capacity additoin of 8982.5 MW in the private sector worth over Rs. 20.000 crores.

Planning to Instal Lignite Base Power Plant in Tamil Nadu

813. SHRI B. L. PANWAR: Will the Minister of POWER AND NON-CONVENTIONAL ENERGY SOURCES be pleased to state:

(a) whether Government are planning to instal a Lignite Base Power Plant in the State of Tamil Nadu by inviting Non-resident Indians;

(b) if so, the details thereof; and

(c) whether such a project is also being considered for exploiting and using Lignite deposits available in the State of Rajasthan ?

THE MINISTER OF STATE OF THE MINISTRY OF POWER AND NON-CONVENTIONAL ENERGY SOURCES): (SHRI KALP NATH RAI) : (a) and (b) An NRI Company based in US has offered to implement the 'Zero Unit' (210. MW) Lignite based thermal power project in Tamil Nadu.

(c) An Australian Consortium has offered to implement the Barsingsar (240 MW) lignite based power project as well as develop the lignite mine.

Fresh Financial Nanus for Transfer of Loans by World Bank to Power Corporations

814. DR. NARREDDY THULASI REDDY: Will the Minister of POWER AND NON-CONVENTIONAL ENERGY SOURCES be pleased to state :

(a) whether World Bank has imposed a set of fresh stringent financial norms for transfer of loans to the National Power Transmission Corporation from National Hydro Electric Power Corporation and National Thermal Power Corporation to whom it committed lending;

(b) if so, what are the details thereof;

(c) whether Government have accepted the norms; and

(d) if so, what is its impact on the, consumers ?

THE MINISTER OF STATE OF THE MINISTRY OF POWER AND NON CONVENTIONAL ENERGY SOURCES (SHRI KALP NATH RAI): (a) No, Sir,

(b) to (d) Does not arise,